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Labor and Management in the U.S.S.R.

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Problems of Labor and Management in the U.S.S.R.*

BY VERA MICHELES DEAN

with the aid of the Research Staff of the Foreign Policy Association

IN the twenty turbulent years which have elapsed since the Bolshevik revolution, the Soviet government has profoundly transformed the economic structure of the U.S.S.R. Contrary to the tenets of orthodox Marxism, which assumes that the dictatorship of the proletariat must be preceded by a high degree of industrialization, Lenin launched the first proletarian revolution in a peasant country where capitalism had only begun to develop and a large working class had not yet come into existence. On the ruins of Russia's pre-war economy the Soviet leaders established a system which has been variously described as socialism or state capitalism. For the scattered interests of individual producers in industry, agriculture and trade, this system has substituted the interests of the state, as defined and expressed by the ruling group of the Communist party. For the "exploitation of man by man," denounced by Marxist doctrine as the greatest evil of capitalism, it has substituted the obligation of all citizens to work under the direction and control of the government—with the avowed aim of ultimately evolving genuine "social administration."

The natural resources and means of production socialized since 1917 are now the property of the state, not of individual producers. Socialist property, according to the 1936 constitution, is "the sacred and inviolable foundation of the soviet system,"¹ which it is the duty of every citizen to strengthen and safeguard. "Persons attempting to infringe upon public socialist property" are regarded as "enemies of the people."² A drastic law of 1932 prescribes the death penalty for all persons accused of stealing or embezzling socialist property. The continued execution of such thieves and embezzlers is justified by Soviet commentators on the ground that, while the bourgeois French revolution made private property "holy and untouchable," the proletarian Russian revolution consecrated the inviolability of state property.³

The 1936 constitution declares that the economic foundation of the U.S.S.R. is the socialist ownership of the implements and means of production, "firmly established as a result of the liquidation of the capitalist system of economy, the abolition of private own-

ership of implements and means of production, and the destruction of the exploitation of man by man."⁴ Side by side with the "prevailing" system of socialist economy—which embraces both state property and collective enterprises such as cooperatives and collective farms—the constitution recognizes two forms of personal property. It permits the existence of small enterprises owned by individual peasants and handicraftsmen—whose number has been markedly reduced in recent years by agricultural collectivization and expansion of large-scale industrial production—provided the operation of these enterprises involves no exploitation of the labor of other persons. And it protects the right of all Soviet citizens to own personal property such as income from work, savings, dwelling houses, domestic articles and utensils, objects of personal use and comfort, as well as the right to inherit personal property. Every Soviet citizen may own a savings account, government bonds, a cottage in the country, an automobile, books, clothes and furniture. His ability to acquire such possessions—once the production of consumers' goods catches up with demand—will be limited only by his ambition and earning capacity.

Recognition of certain forms of personal property in the Soviet Union has been deplored by some foreign Marxists as retrogression to capitalism and surrender to the fleshpots of bourgeois life. Soviet commentators, however, argue that personal property is compatible with socialism and even communism, provided it serves the private use of the worker and his family, and does not become an instrument for exploitation of the labor of others.⁵ What the Soviet government opposes is not individual ownership of personal property, but accumulation of capital by the individual for investment in private enterprises employing hired labor. Only the reappearance of such enterprises, according to Soviet authorities, could be described as restoration of capitalism. Soviet leaders contend that their objective is not egalitarianism in the narrow sense of placing all workers on the same economic level,⁶ but a system which will provide opportunities

*Industry and agriculture in the U.S.S.R. are discussed in the June 1, 1938 issue of *Foreign Policy Reports*.

1. Article 131.

2. *Ibid.*

3. *Christian Science Monitor*, December 8, 1937.

4. Article 4. For analysis of the 1936 constitution, cf. Vera Micheles Dean, "The New Constitution of the U.S.S.R.," *Foreign Policy Reports*, April 15, 1937.

5. M. Krivitzky, "O Lichnoi Sobstvennosti" (Regarding Personal Property), *Izvestia*, October 9, 1936.

6. Cf. speech of Stalin at a conference of workers on June 23, 1931. *Izvestia*, July 1, 1931.

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for the maximum development of the individual, and make available to all the material comforts reserved for a few in capitalist states.

THE FIGHT FOR LABOR PRODUCTIVITY

The extent to which the Soviet government can achieve this objective will depend, in large part, on its success in obtaining increased output at reduced cost of production from workers in state-controlled industries. Soviet leaders have discovered that it is far easier to build factories, especially with the assistance of foreign experts and foreign blueprints, than to operate them efficiently. Of the difficulties which have confronted Soviet industry under the first two Five-Year Plans, perhaps the most serious have been the slow rise of labor productivity and the scarcity of trusted executives and engineers.

Until 1929, when the government embarked on intensive industrialization and agricultural collectivization, the Soviet Union had over a million unemployed registered on its labor exchanges, in addition to millions of "disfranchised" people barred from state employment because of their non-proletarian origins. Since that time unemployment has steadily declined; the category of "disfranchised" has been abolished under the 1936 constitution; and today the Soviet Union, like the United States during the industrial boom of the nineteenth century, suffers not from unemployment but from shortage of labor—exception being made of those whose Trotskyist or Bukharinist antecedents make them ineligible for employment. Foreign experts, however, contend that Soviet labor shortage is due largely to inefficiency—two or three workers being employed at a task which one worker could perform in Western states⁷—and insufficient mechanization of Soviet industry.

The Soviet government has striven to overcome these difficulties—inevitable when factory workers are recruited directly from the villages—by stressing the importance of increased labor discipline, and by mechanizing the more complicated labor processes. The ideal of economic equality, which dominated the early years of Soviet rule—although it never received wide application—was officially abandoned in 1931, when Stalin denounced "equalitarianism in the sphere of wages" (*uravnilovka*) as non-Marxist, and urged the widespread introduction of piecework and efficiency devices to raise the level of labor productivity.⁸ These devices have ranged, at various times, from "shock-brigades" of workers to "socialist competitions," with the award of bonuses and special badges to outstanding "heroes" of Soviet economy.

Of the many methods adopted to increase labor productivity, none has received so much publicity as the Stakhanov movement, launched in 1935 by a miner of that name, who had increased his own output by reorganizing the work of his shift. The Stakhanov movement, which swept the country like wildfire, at first stressed greater division of labor and better planning and coordination of work by the individual pieceworker, who had to have sufficient technical training to understand the whole process of production in which he was engaged. In this respect, Stakhanovism was comparable to the efficiency devices familiar in capitalist enterprises, such as Taylorism and other methods of "scientific management," which require not merely "speeded-up" work, but intelligent rationalization of labor processes.

As a reward for their efforts, Stakhanov workers in industry and agriculture were publicly acclaimed. They received higher wages, bonuses and special privileges with respect to education, travel, and purchase of consumers' goods. In the coal mines of the Don Basin, for example, where Stakhanovism originated, Stakhanov workers could earn 1,500 to 2,000 rubles or more a month, as compared with the average monthly wage of 250 rubles.⁹ The records set by individual Stakhanov workers were used, in turn, to spur the efforts of the rank and file, who were offered the incentive of higher wages. Meanwhile, the Stakhanovists themselves were urged to outdo their achievements. In March 1936, soon after the launching of Stakhanovism, the government raised piecework norms by 15 per cent. In April 1937, when labor productivity continued to lag, all workers were ordered to increase production by 20 per cent or take a wage cut; the level at which bonuses were to be awarded was raised; and rewards for piecework were decreased.¹⁰

In an effort to rally the whole country behind the labor productivity program, Moscow workers on December 1, 1937 proclaimed a "Stakhanovist decade" to precede the elections held under the new constitution on December 12.¹¹ These 10 days, subsequently extended to 20, produced startling records by individual workers, and were to have been followed by a "Stalinist month of Stakhanovist records," launching the third Five-Year Plan on January 1, 1938.

This Stalinist month was abruptly called off on December 28 by the Central Committee of the Communist party, on the ground that it wished to remedy certain glaring faults revealed by the Stakhanov decade.¹² Newspaper editorials scored the tendency of Stakhanovism to emphasize spectacular production records by individual workers while neglecting the output of the rank and file, and urged a new policy directed at increasing the production of each plant or mine as a whole. Individual workers had forged ahead

7. Joseph Barnes, "Waste and High Costs Shriveled Giant of Siberian Steppe," *New York Herald Tribune*, March 20, 1938. It has been estimated that, before 1914, Russian labor productivity was one-eighth that in the United States, but that by 1935 the output per man hour was three and a half times as high as in 1913. B. L. Markus, "The Stakhanov Movement and the Increased Productivity of Labour in the U.S.S.R.," *International Labour Review*, July 1936, p. 5.

8. Speech of June 23, 1931, cited.

9. N. Viktorov, "K Novym Pobedom Stakhanovskovo Dvizheniya" (Toward New Victories of the Stakhanov Movement), *Planovoye Khozyastvo* (Planned Economy), 1938, No. 2, p. 44.

10. *New York Herald Tribune*, April 12, 1937.

11. *New York Times*, December 3, 1937.

12. *Izvestia*, December 29, 1937.

during the Stakhanov decade, but total production in key industries had not increased to any marked extent, and in some enterprises had actually declined.¹³

The Communist party condemned both industrial "storming" and the conservatism of managers who had often opposed introduction of Stakhanovism. It pointed out that Stakhanov work should be guided and organized in such a way as to meet the concrete needs of every branch of production. The main task, according to the party, is to transform the Stakhanov movement into a mass movement, not to achieve "star" records which interfere with the normal operation of industry. The use of piecework—which in factories with slight labor turnover has materially increased individual production—is to be expanded, and the system of differential wages will be further used to stimulate production.¹⁴

Stakhanov emphasis on individual records had not only frequently disorganized production. Like Taylorism, it had created discontent among rank and file workers, pressed to adopt the higher norms of production set by Stakhanovists. Their discontent took the form of grumbling, obstructionism and sometimes outright violence against Stakhanov workers. Stalin attempted to stem this dissatisfaction in a speech of October 31, 1937 at a heavy industry conference.¹⁵ He appealed for mutual confidence between leaders and workers, and declared that the success of Soviet industry depends not only on the vanguard, but on the rank and file, who were urged to speed up production. In a concrete effort to meet the grievances of the "forgotten" men and women of Soviet industry, the government on November 1, 1937 decreed a general wage increase for lower-paid categories, fixing a minimum of 115 rubles (\$23) a month for all office and manual workers.¹⁶ While this minimum represented an improvement, it was still low in terms of the purchasing power of the ruble, due to the continued scarcity and cost of consumers' goods.

The Stakhanov movement has been compared by foreign critics to the "speed-up"¹⁷—inevitable corollary of rapid industrialization—usually denounced as a capitalist evil. Soviet authorities contend, in reply, that Stakhanovism serves to improve not only industrial output, but the earning power and well-being of individual workers. They argue that rationalization in the Soviet Union will not lead to exploitation of workers and technological unemployment, as in capitalist states.

13. Harold Denny, *New York Times*, December 30, 1937.

14. N. Viktorov, "Toward New Victories of the Stakhanov Movement," cited; A. Grigoriev, "Voprosy Proisvoditel'nosti Truda v Promyshlennosti" (Questions of Labor Productivity in Industry), *Planovoye Khozyastvo* (Planned Economy), p. 69. "Na Poroze Novavo Goda" (On the Threshold of the New Year), *Izvestia*, December 31, 1937.

15. *Pravda*, October 31, 1937.

16. *Izvestia*, November 2, 1937. The minimum for pieceworkers was set at 110 rubles.

17. Sir Walter Citrine, *I Search for Truth in Russia* (New York, Dutton, 1937). Sir Walter Citrine is General Secretary of the British Trades Union Congress and President of the International Federation of Trade Unions.

When the supply of goods catches up with demand, the situation will be met by reduction of working hours and increased leisure for all, not by displacement of workers in saturated industries.

Critics of the Soviet government also contend that differential wage-scales, piecework and bonuses represent a retreat from socialism to capitalism.¹⁸ Soviet leaders frankly recognize that non-material stimuli are not sufficient to arouse the enthusiasm of the average worker, who must be offered material incentives if he is to remain on the job, increase his output, and improve his technical training. They argue that, at the present stage of socialism, it would be Utopian to apply the Communist principle "from each according to his ability; to each according to his needs."

Differentiated incomes are not regarded by the Soviet authorities as a retrogression to capitalism. While Soviet workers and employees receive widely varying remuneration, that may be increased by bonuses, they have no opportunity to invest their earnings in private enterprises from which they would derive private profit—in other words, they have no opportunity to become capitalists. Moreover, the government is always in a position to raise the level at which bonuses or higher wages begin, thus keeping variations in incomes under strict control. The workers can use their earnings in only one of two ways. They can spend them on goods produced and sold by the state; or save them either by subscribing to state loans, on which they usually receive interest, or depositing them in savings banks. They know that, in the long run, both state loans and savings deposits will serve to increase the capital resources not of private corporations, but of the Soviet state and its enterprises. The need for accumulating personal savings plays a relatively unimportant part in the calculations of the Soviet wage-earner, who is provided by the state with various forms of insurance and social benefits from the cradle to the grave.

SOVIET WAGES

Critics of the Soviet system declare that the Soviet government—sole employer of labor in the country—pays workers and office employees starvation wages. Wide variations in the standard of living of different countries, as well as in the cost of food, housing and other items of the worker's budget, make wage comparisons extremely hazardous. The average annual wage in large-scale industry was estimated at a little over 3,000 rubles (\$600) in 1937.¹⁹ The program of industrial production for 1938 set the average annual wage at 3,707 rubles (\$741) in heavy industry; 2,593 (\$518) in light industry; 2,604 (\$520) in the food industry; and

18. Max Eastman, *The End of Socialism in Russia* (Boston, Little Brown, 1937).

19. Joseph Barnes, *New York Herald Tribune*, December 1, 1937. For 1936 figures, cf. U.S.S.R. Central Administration of National-Economic Accounting of *Gosplan*, *Dvatzat Let Sovetskoi Vlasti* (Twenty Years of Soviet Rule). Moscow, All-Union Communist Party, 1937, p. 73.

2,589 (\$517) in timber mills.²⁰ The average monthly wage in heavy industry according to the 1938 plan would thus be 309 rubles, as compared with the monthly earnings of Stakhanov workers ranging from 1,500 to 3,000 rubles, and the still higher remuneration of 8,000 to 10,000 rubles a month which may be received by engineers, scientists, writers and artists. The Soviet authorities point out that, in addition to his nominal wages, the worker receives "socialized wages," which include social insurance benefits, vacations on full pay and, in some cases, reduced rent and free light and fuel.

While Soviet nominal wages followed a rising curve after 1928, the cost of food rations in government stores and factory "closed shops" steadily increased until 1935, and workers found it difficult to obtain many necessities of life except in the open market, where exorbitant prices prevailed. The real wages of the Soviet worker in terms of purchasing power were thus frequently much lower than his nominal wages. On January 1, 1935, following two excellent harvests, the government abolished bread cards, permitting the workers to purchase bread freely in government and cooperative stores. To counteract the rise in the price of bread, which was fixed midway between the old breadcard prices and those prevailing in the open market, the government decreed an increase in workers' wages. On October 1, 1935 all food cards were abolished, and the prices of many foodstuffs were reduced 30 per cent. The Soviet authorities expect that, with the increased production of consumers' goods anticipated under the third Five-Year Plan, prices will be further reduced, leading to a marked rise in the workers' purchasing power. Some foreign observers contend that, in the meantime, the prices of most consumers' goods are so high that the budget of the average worker's family is sufficient only to cover the bare necessities of life, without allowing any margin for entertainment, education, medical service or expenditures on extra clothing and furniture.²¹

While it is true that some foodstuffs and most consumers' goods remain out of reach of the average worker's family, rents in the Soviet Union are relatively low.²² Housing, however, is as yet wholly inadequate, both in old cities like Moscow, which suffer from overcrowding while undergoing reconstruction,²³ and in new industrial centers, where housing has not kept pace with the influx of workers. New apartment houses erected for workers are built on utilitarian

lines, and furnished with such modern conveniences as baths, gas and electricity. In the early days of Five-Year planning, it had been hoped that the introduction of labor-saving devices and of communal services such as dining-rooms, kitchens, laundries and nurseries would liberate women from their age-old slavery to housekeeping and child-rearing, and free them for work in factories and offices. The chronic shortage of labor has made it necessary for the government to draw heavily on women for work in all branches of production, often at tasks which would be regarded as unduly strenuous in Western countries, such as coal-mining and construction jobs. While women have been called on to do their share of "building socialism in one country," they have not, as had been expected, been liberated from the cares of child-rearing. On the contrary, the government's desire to increase military man power led, in 1936, to a fundamental shift in its policy toward marriage and the family. Despite the opposition of many women voiced in the Soviet press, the government prohibited abortion except in specified cases, at a time when neither the supply of housing nor the spread of birth-control appeared to justify this measure; and made divorce proceedings both complicated and expensive.^{23a} The family, which in the early days of the revolution was denounced as a "petty bourgeois" institution debased by the economic dependence of wife and children on the wage-earner, is now regarded as socially valuable. Industrialization has brought in its wake not only a demand for conventional art and the machine-made comforts of modern civilization, but the introduction of moral conventions unknown to the masses in pre-revolutionary Russia.²⁴

If the average worker's budget as yet allows only for bare essentials, many of the non-essential items for which the Western worker pays out of his earnings are provided free by the Soviet state. Expenditures for various forms of social service were estimated at nearly 6 billion rubles under the 1938 plan.²⁵ Of these 654 million will be spent on the care of children; over one billion on sanatoria, rest homes and health resorts; two billion for temporary disability; and one billion for maternity pensions and subsidies to large families—as compared with 376 million in 1936, when abortion was prohibited. The government also provides free education and medical service, stipends for students, and other benefits. Due to the relatively slow development of construction for social welfare as compared with heavy and defense industries, these benefits are as yet restricted to a small percentage of the workers. Thus, according to the 1938 plan, passes to rest homes, resorts and sanatoria will be issued to 2,700,000

20. "Regarding the Program of Industrial Production and the Work of Railways for 1938 and the first quarter of 1938," *Izvestia*, December 1, 1937.

21. Vaso Trivanovich, "Purchasing Power of Wages in the Soviet Union," *Conference Board Bulletin* (published by the National Industrial Conference Board, Inc., New York), Vol. XII, No. 4, March 7, 1938. It should be pointed out that in a Soviet family practically every adult is a wage-earner.

22. Joseph Barnes, *New York Herald Tribune*, March 27, 1938.

23. Sir E. D. Simon, Lady Simon, W. A. Robson and J. Jewkes, *Moscow in the Making* (New York, Longmans Green, 1937).

23a. Louis Fischer, "The New Soviet Abortion Law," *The Nation*, July 18, 1936, p. 65.

24. For an interesting series of case studies which reveal changing trends in Soviet concepts of family morality, cf. A. Makarenko, *Kniga dlya Roditelei* (A Book for Parents), Moscow, 1937. For discussion of changing Soviet concepts of art, cf. Kurt London, *The Seven Soviet Arts* (New Haven, Yale University Press, 1938).

25. *Izvestia*, May 14, 1938.

out of about 26 million industrial, office and other workers eligible to social insurance benefits.²⁶

Observers hostile to the Soviet system also argue that Soviet labor is frequently "forced" or at best involuntary. The Soviet government itself has constantly asserted that work is the duty of all citizens, that "he who does not work shall not eat." It is generally admitted that political and ordinary prisoners, estimated at 2,000,000,²⁷ perform "forced" labor in the Soviet Union. "Socially hostile" elements—engineers convicted of sabotage, embezzlers of state property, peasants accused of being *kulaks*—have been exiled to North Russia and Siberia, where they have been employed in lumber camps, and on such public works as construction of the Baltic-White Sea canal or the Karymskaya section of the Trans-Siberian railway.²⁸ This labor, formerly supervised by the GPU, is now under the control of the GPU's successor, the Commissariat of Internal Affairs, and is regarded by Soviet authorities as an opportunity for "re-education."

The forced labor of political and other prisoners, however, constitutes only a small percentage of the country's total labor force. Generally speaking, Soviet labor conditions are not easily comparable with those of Western states. The Soviet government, being the sole employer, determines all wages, which are fixed under non-competitive conditions. The tremendous efforts required by the Five-Year Plans have created an economic tension similar to war mobilization, and have led to the application of rigorous labor discipline. The government regards workers as servants of the state, whom it can transfer at will from one part of the country to another to meet industrial emergencies. That these measures have not yet created "forced" labor is indicated by the continued high rate of the country's labor turnover.

Soviet authorities also contend that the worker enjoys more favorable working conditions in the U.S.S.R. than in Western countries. The Soviet Labor Code provides for an 8- and in most industries actually a 7-hour day, with a working week of five out of six days, and prescribes various safeguards for the worker's health and well-being. The worker's leisure, however, has been frequently curtailed in the past by the demand that he contribute his period of rest to overtime labor on urgent projects, such as construction of the Moscow subway. Many workers, especially members of the Communist party, have been doubtless not only willing but eager to advance production by sacrificing their leisure. The rank and file have probably been influenced less by enthusiasm for the common cause than by the constantly exerted pressure of official opinion.

POSITION OF THE TRADE UNIONS

Nor are the workers, even if they wanted to, in a position to make demands on the government

through their trade unions, whose activities, as understood in Western countries, have been severely curtailed during the past few years. Russian labor organization has a special history. In Tsarist Russia any workers' movement had to develop underground, and was forced to resort to illegal organization. It was not until the 1917 revolution that trade unions were legally established on the industrial union basis.²⁹ From the outset, the unions acquiesced in the official view that, in a workers' state where the government itself presumably represents the interests of the workers, trade union protection against exploitation was superfluous.

Early attempts to establish direct workers' control of factories, followed by a policy of operating factories through the "triangle" of party, management and trade union representatives, have yielded to direct control of industry by the government. Labor, according to Soviet commentators, is no longer a commodity, as in capitalist states, but an obligation of honor and pride owed by every citizen to the socialist community. Foreign observers have pointed out that an enormous proportion of "labor value" is still withheld from the worker³⁰—not, it is true, for the profit of private capitalists, but for capital investment in state enterprises from which the worker derives no immediate benefit. Soviet leaders, however, seem to have convinced a majority of the workers that this process is one of "socialist exploitation," under which the workers exploit themselves in the interest of the state as a whole. Nor can this contention be lightly dismissed. Modern industrial production is bound to establish an impersonal relationship between worker and employer, irrespective of the political or economic system under which it functions. From the worker's point of view, the effort expended on production may in certain circumstances appear more satisfying if directed at a social objective, no matter how remote, than if performed for the immediate benefit of an individual or corporate employer. The psychological incentive of sacrifice for a common cause, in the Soviet Union no less than in Germany, plays an important rôle in determining the attitude of the worker toward his task.

The influence of Soviet trade unions, always subservient to the state, dwindled further after the forced resignation in 1931 of Mikhail P. Tomsy, secretary of the Central Trade Union Council, who had opposed their transformation into instruments of the state.³¹ Since 1931 the trade unions have placed more and more emphasis on increased labor productivity, which they have constantly encouraged, and less and less on the protection of labor. In April 1937, when the government increased production norms and raised the level at which bonuses were to be awarded, the

26. *Pravda*, May 14, 1938.

27. *Christian Science Monitor*, March 15, 1938.

28. Cf. Vera Micheles Dean, "Industry and Agriculture in the U.S.S.R.," *Foreign Policy Reports*, June 1, 1938, p. 67.

29. Calvin B. Hoover, *The Economic Life of Soviet Russia* (New York, Macmillan, 1931), pp. 259-60.

30. Joseph Barnes, *New York Herald Tribune*, April 25, 1937.

31. Mr. Tomsy, accused of treasonable activities during the Zinoviev-Kamenev trial, committed suicide in the autumn of 1936.

trade unions, embracing more than 85 per cent of the workers, appear to have offered no opposition and the workers themselves, especially Stakhanovists, were reported to have urged upward revision.³² The unions still function as representatives of the workers in adjusting minor questions, such as discharge, individual wages and working hours within a plant, but their activities have been chiefly concentrated on cultural and educational matters and the administration of social insurance benefits. In 1937 the trade union leadership was subjected to a drastic purge for alleged "wrecking" in the social insurance field. The entire secretariat of the All-Union Central Trade Council, with one exception, was dismissed, and four important officials were arrested as "enemies of the people." Social insurance benefits are used as a lever to raise labor productivity, strengthen labor discipline and reduce the labor turnover. Precedence in the distribution of passes to sanatoria and rest homes, for example, is given to Stakhanovists and trade union members of long standing.³³

PROBLEMS OF INDUSTRIAL MANAGEMENT

The task of securing able and loyal experts for Soviet industry has been almost as troublesome as the problem of raising labor productivity. Many managers and technical experts of the old régime who remained in Russia after the revolution were ousted from their posts and shorn of the privileges they had once enjoyed. They were, not unnaturally, hostile to the Soviet system, and hoped that foreign intervention might eventually restore capitalism. Some of them remained in touch with their former employers living abroad in exile and some, at least, deliberately tried to retard or prevent the development of Soviet industry. The government, in turn, feared and distrusted these henchmen of the hated bourgeoisie. Engineers were constantly denounced as counter-revolutionaries and "wreckers," even when the alleged crime appeared to outsiders as merely a mistake in judgment or a technical miscalculation. This mutual hostility produced a dangerous deadlock: engineers were reluctant to take initiative or responsibility for fear they might be imprisoned or shot in case of failure, while the government found it impossible to create a corps of working-class technicians overnight, and was forced to rely on bourgeois engineers it did not trust. Industrial management, according to the government, failed to keep pace with the country's economic development.

The difficulties created by this atmosphere of mutual distrust were graphically revealed in the Shakta trial of 1928, the Ramzin trial of 1931, and the Metropolitan-Vickers case two years later. The mildness of the sentences imposed on Ramzin and his alleged accomplices—imprisonment, with an opportunity to work at their jobs during the prison term—indicated both that the government felt sufficiently strong to be generous with its enemies, and was eager to utilize their services. This policy of reconciliation received wide appli-

cation after 1931, when Stalin declared that, pending the emergence of a working-class intelligentsia, Soviet industry should use the services of old régime engineers, who should no longer be treated as "potential criminals."³⁴ Concrete measures were taken to improve the lot of the Soviet engineer. Rewards for technical skill and scientific management were considerably increased, and technical experts received the same privileges as the highest category of workers with respect to housing, vacations and education for their children. Soviet leaders constantly urged closer collaboration between workers and engineers, and declared the latter should feel free to take the initiative without fear of punishment for technical errors.

This period of collaboration was abruptly interrupted in 1936, when the position of managers and engineers was once more severely shaken by the purge, based on alleged wholesale acts of wrecking and sabotage in all branches of Soviet industry. Some foreign experts employed on Soviet undertakings believe that industry has suffered for years from petty industrial sabotage.³⁵ Expensive foreign machinery has been damaged or allowed to deteriorate for lack of proper care; ordinary measures of precaution in the use of industrial processes have been neglected; new undertakings have sometimes been purposely established at too great a distance from their anticipated sources of raw materials. Engineers of the pre-revolutionary school, moreover, have opposed innovations, have insisted on perpetuating obsolete methods of production and accounting, have substituted bureaucratic paper work for concrete management. All these faults of omission and commission, taken together, have presented a formidable obstacle to the development of that "socialist" tempo of production which, in the opinion of Soviet leaders, will alone assure the industrial independence of the Soviet Union.

Foreign experts, however, believe it is difficult to distinguish between deliberate sabotage and technical errors in a country where the majority of workers come straight from the village, have no knowledge of modern technique, and are directed at their tasks by engineers who have not yet acquired sufficient experience with modern industry. They also contend that, under the Soviet system of planned economy, involving an enormous and frequently wasteful amount of bureaucratic red tape, it is "almost impossible"³⁶ for an engineer or industrial manager to avoid trouble with the government sooner or later. Many of the major difficulties attributed by Soviet authorities to acts of sabotage are due, according to foreign experts, to technical inexperience; to unintentional mismanagement; to the reluctance of Soviet engineers to do "dirty work" by going down into the mines with their

34. Speech of June 23, 1931, cited.

35. John D. Littlepage (with the collaboration of Demaree Bess, former Moscow correspondent of the *Christian Science Monitor*), "Hunting Gold for Stalin," *Saturday Evening Post*, December 18, 1937; and "Red Wreckers in Russia," *ibid.*, January 1, 1938; also Joseph Barnes, *New York Herald Tribune*, April 3, 1938.

36. Littlepage, "Red Wreckers in Russia," cited.

32. *New York Herald Tribune*, April 12, 1937.

33. Harold Denny, *New York Times*, May 15, 1938.

men; but most of all to the all-embracing political control of Soviet industry.

This political control makes it possible for government and party leaders opposed to the Stalin "line" to do more damage by constant conflict over policy than could be caused by years of petty sabotage. The worst enemies of Soviet industrial development, in the opinion of foreign observers, are not individual "wreckers" among workers and engineers, but members of the ruling Communist group who are at odds with each other over fundamental questions of economic planning. Equally harmful is the constant supervision exercised over industry by the secret police, intent on ferreting out potential or actual wreckers. This supervision spreads terror among managers and engineers, paralyzes their initiative, and facilitates satisfaction of personal grudges under the cloak of purging "socially hostile" elements. What Soviet industry needs most of all, according to foreign observers, is an extended period of relative political stability, which would permit technical experts to fulfill the tasks assigned to them without fear of reprisal.

Some of these views are apparently shared by Kaganovich, Commissar of Heavy Industry, who in his order of January 21, 1938 on industrial production³⁷ departed from the recent Soviet practice of finding scapegoats for industrial difficulties in "wreckers" and "enemies of the people." Kaganovich declared that "elementary shortcomings in the organization of labor are still not eliminated, the percentage of idle time in the operation of equipment and machinery is excessively high, and accidents in the mines and breakdowns of machines are frequent—all of which is not primarily the work of the evil designs of enemies; but is rather due to technical inaccuracy, slovenliness, and the absence of proper labor discipline." Referring indirectly to the effects of the purge, Kaganovich tried to reassure managers and engineers by stating that "Soviet executives should work not from fear but from loyalty." Kaganovich's order—taken in conjunction with the report of the Central Committee of the Communist party on January 19, 1938³⁸ which accused local authorities of excesses in their campaign against wreckers, demanded immediate restoration of persons unjustly expelled from party ranks, and threatened to "purge the purgers"—would indicate a swing of the pendulum back to Stalin's policy of 1931, and may presage a decline of the purge in Soviet industry. Meanwhile, the government recruits industrial managers from the new generation of specialists, graduated at the rate of 100,000 a year.³⁹

CONCLUSION

The Bolshevik revolution, telescoping into twenty years the social and economic transformations wrought by a century in Western Europe, held out to workers

throughout the world the vision of a community which would abolish the exploitation of man by man. Today Soviet workers and technicians—provided their political antecedents are unimpeachable—have an opportunity to work in the employ of the state at wages which, although still low in terms of purchasing power, are slowly rising; and may, provided the production of consumers' goods continues to expand, improve their material lot by bonuses for technically improved work. These economic opportunities, which stimulate the enthusiasm of the young generation, have not yet been matched with civil liberties familiar to the democracies of the West. Soviet leaders argue that individual liberty must be drastically curtailed in a period of intense revolutionary struggle. They contend that the Russian proletariat, whose interests are directly represented by the ruling Communist party, actually enjoys greater freedom than that of other countries, where workers are exploited by the propertied classes. Freedom of press or assembly, they assert, offers cold comfort to unemployed workers in Western countries who are primarily interested in obtaining a job.

It should also be recalled that the sense of individual dignity and freedom which the West inherited from the Renaissance and the Reformation was alien to the Russian masses before the revolution. Soviet workers and peasants, intent on securing a living, are for the most part unaware of the absence of liberties they never enjoyed. Many of them are conscious of their position as a ruling class, and the innumerable elections and conferences in which they are invited to participate give them a sense of exercising power over the country's affairs—even if final decision rests with a small group of Communist leaders. There is no lack of discontent among both workers and peasants. This discontent, however, is concerned less with the fundamental concepts of the Soviet state than with unsatisfied material wants, particularly shortage of housing and consumers' goods. Soviet authorities encourage such complaints under the name of self-criticism, in the hope that it will spur a backward people and a lagging bureaucracy into action. But questions of larger policy, especially the basic principles on which the Soviet system rests at the present time, remain beyond the reach of self-criticism.

If the brave new world anticipated by foreign sympathizers has not yet materialized in the Soviet Union—to the embittered surprise of such writers as André Gide—its eventual appearance is not excluded once the Soviet state, having emerged from the more acute period of the revolutionary process, attains a measure of political and economic stability. Appraisal of Soviet achievements must await history's answer to the question whether Soviet socialism—or any form of socialism—could have been established without resort to coercion. If not, then socialism must ultimately justify the means it has employed by providing the masses not only with a standard of living comparable to that now attainable under capitalism, but with the non-material values which under any system constitute the stuff and substance of a civilization.

37. *Industriya* (Industry), organ of the People's Commissariat of Heavy Industry, January 29, 1938.

38. *Izvestia*, January 20, 1938.

39. Cf. speech of V. M. Molotov at the First All-Union Conference of Workers in Higher Schools, May 15, 1938. *Izvestia*, May 20, 1938.